

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

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|--|-------------------------|-------------------|
| IN RE: | October 17, 2000 | |
| |) | |
| BELLSOUTH TELECOMMUNICATIONS INC.'S |) | DOCKET NO. |
| TARIFF FOR CONTRACT SERVICE |) | 00-00503 |
| ARRANGEMENT (TN 99-6912-02) |) | |

**ORDER GRANTING APPROVAL OF BELLSOUTH CONTRACT SERVICE
ARRANGEMENT (TN 99-6912-02)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on July 11, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 99-6912-02 ("CSA"). BellSouth filed Tariff No. 00-00503 on June 12, 2000, with a proposed effective date of July 12, 2000.

Based upon careful consideration of the tariff filing and the attachments thereto, a majority¹ of the Authority finds and concludes the following:

1. The purpose of this CSA is to provide the customer a reduction of nonrecurring charges for Frame Relay Service. Frame Relay utilizes a special network,

¹ Chairman Kyle and Director Greer have consistently voted to approve this specific service type of CSA. Director Greer has voted to approve such CSAs because they benefit consumers and comply with BellSouth's tariffs. Chairman Kyle has stated on the record that the CSAs she votes to approve are a benefit to the consumer who is receiving lower rates and are not harmful to competition. Director Malone voted to deny this CSA consistent with both his reasoning and his votes against approval of similar specific service CSAs. Director Malone has opined in other dockets that approval of such CSAs without a thorough review and analysis may substantially impede the development of a competitive environment because there is not sufficient information available to determine whether the CSAs may be discriminatory, anticompetitive or in violation of state and/or federal law. Director Malone remains of the opinion that termination provisions containing ninety percent (90%) or one-hundred percent (100%) buyout clauses are so potentially anticompetitive as to warrant denial.

separate from the public switched network, for providing customers high-speed data transport between multiple locations.

2. The term of this CSA is three (3) years, and the CSA contains two one-year renewal options. Pursuant to the CSA, renewal occurs upon agreement of BellSouth and the customer. Because this option constructively creates a five (5) year agreement, the Directors find that it is necessary for BellSouth and the customer to obtain the Authority's approval of any agreement to renew the CSA.

3. If the customer terminates the CSA prior to the expiration of the contract term, the termination provisions require the customer to pay BellSouth the amount of any discounts received, previously waived contract preparation fees, and ninety percent (90%) of the remaining monthly contract payments.

4. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

5. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. This data indicates that BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

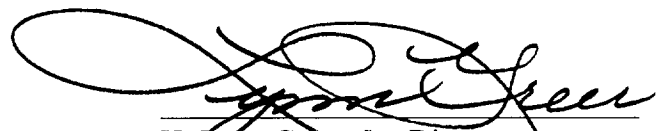
6. No parties sought to intervene in this docket.

Based upon the foregoing, a majority of the Directors determined that, in this docket, the CSA should be granted.

IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc.'s Tariff No. 00-00503, which seeks approval of Contract Service Arrangement No. TN 99-6912-02, is hereby granted subject to the condition that BellSouth must petition the Authority for approval of any agreement between BellSouth and the customer to renew the CSA after the expiration of the three-year term.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director

Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

*** Director Malone voted against approval of this specific service CSA.